

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Suspension or Revocation of)
the License to Conduct Gambling Activities of:)
)
)
Sam J II d/b/a Marco's)
Kirkland, Washington)
)
)
Licensee.)

NO. CR 2015-00129

AMENDED
NOTICE OF ADMINISTRATIVE
CHARGES AND OPPORTUNITY
FOR AN ADJUDICATIVE
PROCEEDING
(Amendments appear in italics
and strikeouts)

I.

The Washington State Gambling Commission issued Marco's, organization number 00-22946, the following license:

Number 05-07596, Authorizing Class "C" Punchboard/Pull-Tab Activity.

The license ~~expires~~ *expired* on March 30, 2015, and was issued subject to the licensee's compliance with state gambling laws and regulations.

II.

David Trujillo, Director of the Washington State Gambling Commission, charges the licensee with the following violation(s) of the Washington State Gambling Act, 9.46 RCW, WAC Title 230, and Commission rules:

SUMMARY:

The licensee owns a former punchboard/pull-tab license, *Gloria's*, which failed to pay exceeding license class fees to the Commission. Staff has attempted to collect outstanding fees of \$1,503 since August 2014. *Gloria's also failed to pay their second-half license fee.*

FACTS:

- 1) Sam J II Investments Inc., doing business as Marco's has the same ownership structure as Sam J III Investments Inc. d/b/a Gloria's Restaurant and Lounge (Gloria's). Commission staff has been trying to collect outstanding exceeding class license fees from Gloria's since August 2014.

- 2) The ownership structures is as follows:

Sam J II & Sam J III	
Amit Sethi	President 25% Owner
Sukhwinderpal Aujla	Treasurer and 25% Owner
Mohinder Paul Saini	Stockholder and 25% Owner
Jagjit Sanghera	Stockholder and 25% Owner

- 3) The following is a table describing Gloria's gross receipts for the punchboard/pull-tab license activity for their license period:

2013 Quarter 3	\$6772
2013 Quarter 4	\$43,268
2014 Quarter 1	\$46,074
2014 Quarter 2	\$39,644
Total	\$135,776

As a Class B licensee, Gloria's is authorized to sell up to \$100,000. They exceeded the class B license class and should have upgraded to a class C license class by June 30, 2014. The exceeding class fee owed is \$1,503.

- 4) On September 19, 2014, Amit Sethi sold Gloria's. The new owner, Bobbie Stokes, started operating Gloria's, but without a valid license. During the course of operating Gloria's, Ms. Stokes found business documents showing the licensee, through Amit Sethi, had not paid outstanding gambling taxes and fees. Ms. Stokes said her attorney sent a letter to Mr. Sethi demanding him to take care of the unpaid taxes and other fees, and that she had a 90-day escape clause to rescind her purchase.
- 5) Commission staff made several attempts to collect the outstanding exceeding license fee class fees. Ms. Stokes said she would mail a check but a payment was never received. On October 28, 2014, Commission staff received payment for \$1,503. However, on November 3, 2014, Commission staff informed Ms. Stokes that her payment came back with Non Sufficient Funds (NSF). Gloria's, therefore, owed an additional \$30 for the NSF fee for a total of \$1,533.
- 6) Staff continued to make attempts to collect payment. On December 5, 2014, a Washington State Gambling Commission Special Agent (agent) verified that Gloria's was still selling pull-tabs without a valid license. On January 26, 2015, Commission staff sent a Cease and Desist letter to Ms. Stokes requesting Gloria's to stop conducting gambling activities as the gambling license became void once Mr. Sethi sold the stock.
- 7) The agent made many attempts to obtain the Purchase and Sale Agreement and other financial documents. On January 6, 2015, the agent received an e-mail from Mr. Sethi including the Stock Purchase Agreement.

Mr. Sethi requested that Ms. Stokes be responsible for the fees due. According to the Stock Purchase Agreement, Mr. Sethi and his partners sold 100% of their stock to Ms. Stokes and Rocky Deal.

- 8) On January 7, 2015, the agent called and spoke with Mr. Sethi and explained that a gambling license is non-transferable; therefore, when he sold the stock, the gambling license for Gloria's became void.
- 9) The agent told Mr. Sethi he must provide \$751.50 that is half of the exceeding class fee (as a courtesy), bank statements and bank signature cards that were previously requested, and he must surrender Gloria's gambling license.
- 10) On January 21, 2015, Commission staff received payment of \$751.50.
- 11) On February 20, 2015, the agent sent an e-mail to Mr. Sethi as a reminder that the remainder of the exceeding class payment was due. The agent made other attempts however, the payment was never received.
- 12) *On January 8, 2015, Commission staff sent a notice of failure to pay the second-half payment to Mr. Sethi. Mr. Sethi was given a deadline of February 12, 2015, to make the payment. As of April 16, 2015, the licensee has not submitted the second-half payment of \$1,058 for Gloria's.*

VIOLATIONS:

1) RCW 9.46.075 Denial, suspension, or revocation of license, application, or permit

The Commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or certified employee, or any person with any interest therein:

(The following subsection applies.)

(1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any Commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control.

(8) Fails to prove, by clear and convincing evidence, that he, she or it is qualified in accordance with the provisions of this chapter;

2) WAC 230-03-085 Denying, suspending, or revoking an application, license or permit

We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization:

(The following subsections apply.)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

(7) Fails to provide us with any information required under commission rules within the time required, or, if the rule establishes no time limit, within thirty days after receiving a written request from us; or

(8) Poses a threat to the effective regulation of gambling, or creates or increases the likelihood of unfair or illegal practices, methods, and activities in the conduct of gambling activities, as demonstrated by: (a) Prior activities.

3) WAC 230-06-130 Exceeding license class.

(The following subsections apply.)

(1) Licensees must not exceed the gross gambling receipts limits for their license class during any annual license period.

(2) Licensees must apply a projection of year-to-date receipts to the remaining period of their license and, if it indicates that it is reasonably likely that they may exceed their license, they must immediately:

(a) Apply for a license that authorizes the anticipated level of gross gambling receipts; and

(b) Submit the fee required for the new license, minus the amount originally submitted for the previous license, plus a change of classification fee.

4) WAC 230-06-135 Failing to apply for license class upgrade.

(The following subsections apply.)

(1) If licensees fail to apply for a license class upgrade and exceed the license class limit within a present or previous license year, we assess an additional fee. We charge an additional fee of up to fifty percent of the difference between the fee for the present license class and the new license class, or one thousand dollars, whichever is less.

(2) Licensees must pay any required license class upgrade fee, plus any additional fee required by subsection (1) of this section, within thirty days of our notification.

(3) Failure to pay the fees may result in an immediate summary suspension of all licenses.

5) WAC 230-05-015 Two-part payment plan for license fees.

(The following subsections apply.)

(2) *We issue licenses under the two-part payment plan with an expiration date of not more than one year and a second-half payment due date.*

(b) *If you do not submit the second-half payment on or before the due date, the license expires and gambling activities must stop.*

